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Public Development (P.D) (1954) Department.

MS SERIES

G.O. No. 5296

Dated 21-12-48

[Despatch Abstract.]

War Development Five Year Plan - System of grant for Educational Development - Letter from the Government of India - Replied to Papers Recorded.

No.F.6-3/47-P.
GOVERNMENT OF INDIA
MINISTRY OF EDUCATION
NEW DELHI, the 8th June 1948.

From

Dr. Tara Chand, M.A., D. Phill (Oxon),
Secretary to the Government of India,
Ministry of Education.

To

The Chief Secretary to the Government of Madras,
Madras.

Subject: Provincial Five Year Plans - System of grant for Educational Development.

Sir,

I am directed to invite a reference to the Government of India letter No. 82/RC, dated the 16th April 1946 issued by the late Planning and Development Department on the procedure under which Central grants to Provinces for Development plans would be made. A copy of the relevant extract is enclosed for ready reference. Criticisms have been made in certain quarters that the existing method of making annual block grants from the Centre to Provinces - which grants would be deemed to have been distributed over the different heads in the proportion which the estimated development expenditure under each head bore to the total of all development expenditure under the Five year Plan does not secure for education, funds commensurate with the importance of its nation building activities. It has accordingly been suggested that the Government of India may earmark for Education a fixed percentage of their block grants. While the Government of India realise the force of these arguments, they cannot overlook the fact that the requirements in this behalf will very from Province to Province and from year to year. The Government of India, therefore, feel that before arriving at a decision in this matter it will be appropriate to elicit the opinion of the Provincial Governments. I am accordingly to request that the views of your Government on the following points may kindly be intimated to this Ministry at a very early date.

(1) Whether the Provincial Government would like the Centre to earmark and allocate specifically for development of education a specified sum out of the development grant.

(2) If so, what should be the ratio of this specified sum to the sum allocated to the Province for its development schemes.

(3) Whether advanced and backward Provinces should be treated alike as far as development grants ~~for~~ from the Centre is concerned.

In this connection, I am directed to draw the attention of the Provincial Governments to the existing condition for the allotment of funds from the Central Development Grant, namely, that Provincial Governments would have to find from their own resources for expenditure on the same object an amount equivalent to what they may expect from the Centre.

I have the honour to be,
Sir,
Your most obedient servant
Sd. Tara ~~Singh~~ Chand

/True Copy/

Copy of letter No. 82/RC. dated 16th April , 1946, from the Deputy Secretary to the Government of India, New Delhi, to All Provincial Governments.

Sub: Provincial five-year plans - Central grants formulation of a concordant.

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The Government of India, having now completed, for all practical purposes, the scrutiny of interim plans forwarded by Provincial ~~plans. For these purpose, it is necessary to formulate, m~~ Governments, propose to address themselves to a review of five-year plans. For this purpose, it is necessary to formulate, more definitely, agreed principles to be observed in finalising the five year plans and for determining the form in which the Central grants should be made and the conditions to which they should be subject. While the Government of India have no intention of interfering with the detailed execution of schemes, the Provincial Governments will doubtless agree that a certain degree of Central Co-ordination of the Provincial plans is essential not only in view of the all-India nature of the problems, but of their magnitude which nessitates substantial financial aid from the Centre, in the shape of grants and loans money. Then again the Central Legislature will naturally demand, before voting considerable grants, that they are utilised for development purposes in accordance with approved policies and plans. The Government of India have examined the question in the light of these general considerations and have arrived at the following provisional conclusions.

2. As regards the financial basis of the plans, for the present the Government of India propose to scrutinise the financial feasibility of the Provincial five-year plan on the basis of this Department letter No.82/RC dated 9th January, 1945, in which the Provinces were asked to assume. for the purpose of planning, that approximately one-half to two-thirds of the total estimated Central surplus of 500 crores would be available for distribution. No closer estimate is yet possible. As regards distribution Provinces were asked to assume that this would be done on the basis of population strengths, subject to special consideration being given to the poorer Provinces and those affected by enemy action. The Government of India are now disposed to think that this is not altogether appropriate and wish to examine whether the scheme more on the lines of the Australian system would not be more suitable for achieving reasonably equal standards of social and cognate services in the different provinces. In this connection, a reference is invited to para 33 of the Hon'ble the Finance Member's last budget speech. As it will be some time, however, before a final decision is reached and as it is necessary in the meanwhile to proceed with the examination of Provincial five-year plans, the Government of India propose that the review should be conducted on the provisional basis already indicated.

3. As regards the detailed schemes it is proposed that the Provincial plans should be examined in consultation with the Provincial Governments concerned, with a view to ensuring broadly that the development is reasonably well-balanced as between different heads of development, having regard to all India policies and the total resources expected to be available. For the purpose of this analysis, it is suggested that the main heads might be as follows:

(i) Multi purpose waterways, irrigation and power development (this head would include major irrigation and hydro-electric power schemes and also thermal power schemes).

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(ii) Agriculture and kindred subjects including minor irrigation and forests.

(iii) Education

(iv) Health

(v) Roads

(vi) All other subjects.

It appears unnecessary to the Government of India for the purposes of their analysis to have a larger number of main heads.

4. As regards the grants it is the intention of the Government of India that for the purpose of budgeting and accounting they should make annual block grants to the Provinces. These grants will however be deemed to have been distributed over the different main heads referred to in para 3 above in the proportion which the estimated development expenditure under each head bears to the total of all the development expenditure under the 5 year plan of the Province. (Productive expenditure, e.g. under head ~~for~~ ing (i) which should be financed from loan money will be excluded for the purpose of grants. Thus, for example, if the expenditure on education in an approved Provincial plan were 15% of the ~~Central grant will~~ total expenditure on all subjects, then 15% of the Central, grant will have to be regarded as alloted to the subject. Similarly as regards other subjects, only a separate pro forma account will need to be kept for this purpose.

5. Having regard to the considerations stated in para 1 ~~of~~ the Government of India propose that the grant attributable to each main head should be subject to the following ~~bread~~ condition:

(1) That the schemes under each head form part of a policy or plan approved generally by the Government of India (and have been scrutinised adequately both administratively and financially and sanctioned by the competent Provincial authority before they are executed and that adequate steps have been taken to ensure administrative and technical efficiency in their execution).

(2) Information should be supplied by the Provincial Government as required by the Government of India, regarding the details of schemes falling under the head in question.

(3) Facilities should be given to the representatives of the Government of India to keep in touch with development and the progress of schemes, should they so desire.

(4) An annual report of the progress made in the executions of the schemes should be made available to the Government of India.

(5) Major variations in schemes should be notified in advance to the Government of India,

(6) In special cases of the Government of India may attach specific conditions to individual schemes.

The Government of India would also stipulate that

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financial resources of the Province are adequately exploited and safeguarded and that in important matters of all-India policy the Province should not do anything to impede on the lines approved by the Government of India with the concurrence of majority of Provinces.

If it is found that the conditions referred to above are not observed in any important particular, the Government of India would reserve the right to make such reductions in the grant as they may consider justifiable in the circumstances.

The Government of India trust that Provinces will agree that the conditions stipulated above are no more than necessary to enable them to discharge their responsibility, which is to see that the very large sums, voted by the Central Legislature are spent effectively and in accordance with approved plans. I am to request to be informed at a very early date whether the Provincial Governments are agreeable to these proposals.

/True Copy/

evelopment (P & D)VI) Department.

Letter No. 73345P & D VI /48-6, dated 24-11-1948.

To
The Secretary to the Government of India,
Ministry of Education, New Delhi

Sir,

Sub: Postwar Development 5-Year plan - System of grant for Educational Development.

Ref: Letter from the Ministry of Education No F.3/47-P dated 8-6-1948.

With reference to your letter cited, I am directed to state that the Government of Madras are not in favour of the proposals to earmark and allocate specifically for the development of education, a specified sum out of the Development grant.

Sd. x x x
24-11-48

/True Copy/

Development (P&DVI) Department.

The file relates to the proposal to earmark and allocate specifically for the Development of Education, a specified sum out of the block grant. Under the present arrangement, the Government of India are giving a block grant each year for financing all unproductive Public Works Development Schemes including Grow More Food and Training Schemes. In the case of Public Works Schemes other than Grow More Food and Training Schemes, the grants are deemed to have been distributed over the different main heads such as Education, Industries, etc., in the proportion which the estimated development expenditure under each head bears to the total unproductive development expenditure under the 5-year plan. HOn'ble Minister (Eduction) was one of the view that this arrangement does not secure for education, funds commensurate with its nation building activities and he had been pressing on the Government of India, the need for sanctioning a block grant earmarked for Educational Schemes. The Government of India Ministry of Education, have now asked for the views of the Provincial Governments on the following points:

1. Whether the Provincial Government would like the centre to earmark and allocate specifically for development of education a specified sum out of the development grant.

2. If so, what should be the ratio of this specified sum to the Province for its development schemes.

3. Whether advanced and backward provinces should be treated alike as far as development grants from the Centre are concerned.

Both this department and Finance consider that it will not be advantageous to this Government to earmark and allocate specifically for the development of education a portion of the Central Development grant for the following reasons:

1) It had been the view of the Government of India that the provision made for Education in the 5year plan of this Government was unduly high, and that the ultimate recurring liability of nearly 8½ crores per annum was probably beyond the resources of this Province. They had therefore suggested that the provision may be curtailed. They were also against any rigid allocation of these block grants under the several heads such as Agriculture, Education, Health etc. In revising the 5-year plan, on account of the reduced financial resources, this Government had also taken the view that schemes of economic importance should be preferred to schemes of social amelioration if both cannot be provided for in the plan. In connection with the preparation of 1948-49 programme, the Government of India had instructed all Provincial Governments that new schemes not yet intiated should be confined as far as possible to schemes which add to the material wealth of the country. Such being the case, there does not appear to be any ground for treating Education, Schemes on a special footing-

2) From 1948-49 Provincial Governments will have to incur at least an equal amount of expenditure as the Central grant on postwar development schemes. Thus, even if the Government of India allocate a large grant for education, this Government ~~of India~~ will have to find an equal amount and the question of providing this, will have to be considered with reference to the demands of all depprtments.

3) Madras is backward in regard to Medical and Public Health amenities and in respect of industries, it is less

advanced than Bombay. If a specified sum out of the block grant is to be earmarked for education, the Medical and Public Health Departments and the Industries Department may also ask for similar earmarking.

4) The Government of India are not likely to give earmarked grants for Education in addition to the block grant.

5) Madras is not backward in Education as compared with other Provinces except Bombay and the amount of grant that the Government of India may give to this Province for Education is likely to be proportionately smaller than the grants for more backward Provinces.

6) The Education Department did not spend more than the amount provided in the budget for 1946-47 & 47-48 for postwar development schemes. In view of various difficulties such as lack of trained teachers, scarcity of labour and materials for constructing new schools etc. there seems to be no probability of spending much larger amounts in future. It will also be seen from the statement at "T" that Madras is spending more, on Education, than the U.P.or West Bengal or East Punjab.

Finance have also agreed to this department's suggestion that 14% (which is the average of the provision made for Education schemes in the progrramme for 1947-48 and 1948-49) of the Central Block Grant in each year may be taken as the amount available for postwar educational schemes in case it is decided in circulation that it is necessary to ear mark a fixed percentage of the block grant for the education department. They (have however suggested that in that case the Government of India may be requested to allow the unspent balance of the grant for a year, if any, to be diverted, if necessary, for postwar schemes of departments other than the Education Department, in that year. Finance have also agreed with the views of this Department that all provinces should be treated alike for purposes of allotment of grants by the Central Government, for postwar development schemes of the Eductation Department. Eduction and Public Health , Public Works Department, Local Administration agree with the views of this department and Finance. The other departments have no remarks to offer. The file may now be circulated for orders. (i) Whether the Government of India ~~is~~ may be informed that this Government is not in favour of the proposal to earmark and allocate specifically for the development of Education, a portion of the block grant

or

(ii) whether the Government of India may be informed that this Government is in favour of the proposal , that 14% of t Central block grant in each year may be ~~re-~~ earmarked for Eeucation and that advanced and backward provinces should be treated alike for purposes of allotment of the block grant.

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18-10-48.

/True Copy/

Minutes of the Hon'ble Ministers.

I agree with (i) above

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20-10-49.

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2 may be accepted.

Sd. x x x
23-10-49

Let the block-grant be available as a whole. It need not be split on a higher percentage basis.

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7-11-49.

Please see the orders in Circulation on pages 15-16 above A draft letter is submitted for approval. After issue, the file may be sent to Finance and Education and Public and Health for perusal-

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23-11-48

Finance (PWR)

(Previous finance note on pp-7-10 above)

Further notes from pages 13 above and orders in circulation thereon may be perused and the case returned to Development (P&DVI)

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4-12-48

Development (P&D)

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The notes of Finance above may be perused. No further action seems called for in the file. The papers may be recorded after persused by Education and Public Health.

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13-12-48.

Education and Public Health Department.

may The notes on pages 1-2- ante and the notes from 11 ante/~~near~~ be perused and returned to the Development Department. the file

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16-12-48.

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(4) :

Development (P&DVI) Department..

The papers may be recorded.

G.O.MS.NO. 6296 dated 21-12-48.

Postwar Development - 5 Year Plan - System of grant for Education and Development - Letter from the Government of India - Replied to - Papers Recorded.

Sd. x x x
21-12-498.

/True Copy/

R. Thiagarajan 12.1.57
Office Assistant.

Superintendent,
-8-1953
MADRAS RECORD OFFICE.

ss/31-7.